

Emergency Regulations for Commercial Cannabis Distributors, Retailers, Microbusinesses, Temporary Cannabis Events, and Testing laboratories.

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BUREAU OF CANNABIS CONTROL



MAUCRSA

The Medicinal and Adult-Use Cannabis Regulation and Safety Act

- A single regulatory system for commercial cannabis activity in California
- Requires all persons engaged in commercial cannabis activity to be licensed
- Allows local jurisdictions to control what activities are permitted in their jurisdiction
- Places the protection of the public as the highest priority

Administrative Structure of MAUCRSA



- Lead Agency
- Distributors
- Retailers
- Microbusinesses
- Testing Laboratories
- Temporary Cannabis Events



- Cultivators
- Track and Trace System



- Manufacturers

Bureau of Cannabis Control

Role: The lead agency in developing regulations for medicinal and adult-use cannabis in California.

Responsible for: Licensing retailers, distributors microbusinesses, testing laboratories, and temporary cannabis events.

Goal: To regulate commercial cannabis licensees in a manner that protects public safety and public health by ensuring cannabis and cannabis products are safe for consumers and sold in a manner that restricts access by minors.

Licenses

TEMPORARY LICENSE

- Valid 120 days
- Submitted through the Bureau's online licensing system or paper application
- Must have a copy of a license, permit, or other authorization from the local jurisdiction

ANNUAL LICENSE

- Valid 1 year
- Submitted through the Bureau's online licensing system or paper application
- Must be in compliance with the local jurisdiction's regulations and ordinances

Annual License Requirements:

- Information on: the business, individual owners, financial interest holders, the premises, and the business operating procedures

License Categories: M (Medicinal) or A (Adult-Use)

- Distributor (Type 11)
- Distributor Transport Only (Type 13)
- Retailer (Type 10)
- Non-Storefront Retailer (Type 9)
- Microbusiness (Type 12)
- Testing Laboratory (Type 8)(no M or A designation)
- Cannabis Event Organizer (Type 14)
- Temporary Cannabis Event

Key Requirements

Owner

Means:

1. A person with an aggregate interest of 20% or more
 2. The CEO of a nonprofit or other entity
 3. A member of the board of directors of a nonprofit
 4. An individual who will be participating in the direction, control, or management of the business. This includes:
 - A partner of a cannabis business that is organized as a partnership
 - A member of a limited liability company of a cannabis business organized as such
 - An officer or director of a cannabis business that is organized as a corporation
- All applicants must have at least one member that meets the definition of owner.
 - All owners must submit fingerprints to the Department of Justice
 - Persons with a financial interest in the cannabis business must be disclosed on the application

Key Requirements (cont.)

Premises:

- Each premises requires a license
- Only one licensee may occupy a premises.
 - *Exception – a Licensee holding both an A-License and M-License for the same commercial cannabis activity (e.g., retail sale) may have the same premises for both types.*
- Should not be located within 600 feet of a school (grades K-12, day care, or youth center) unless permitted by the local jurisdiction or state.
- A premises diagram is required with the application
- The landowner of the land upon which a premises is located must provide approval for the cannabis activity to be conducted

Bond:

- Each licensee must have a \$5,000 surety bond payable to the State of California to cover the cost of destruction of cannabis goods

Track and Trace

- All licensees must enter certain events into the track and trace system so that cannabis is tracked throughout the supply chain

Key Requirements (cont.)

Records:

- Records related to commercial cannabis activity must be maintained for at least 7 years

Free Medicinal Cannabis Goods

- Generally, free cannabis goods may not be provided to any person.
- However, medicinal cannabis patients who have difficulty accessing medicinal cannabis goods may receive free cannabis goods from a M type retailer or M type microbusiness engaged in retail if:
 - Free cannabis goods are provided only to a medicinal cannabis patient, or primary caregiver, in possession of a valid identification card issued pursuant to the Medical Marijuana Identification Card Program;
 - The cannabis goods comply with all applicable laboratory testing requirements.

In addition, a licensee may donate cannabis goods and use of equipment in compliance with any compassionate use, equality, or other similar program administered by a local jurisdiction.

DISTRIBUTOR

Activities:

Distributor

- Transporting cannabis goods
- Arranging for laboratory testing
- Conducting quality assurance review of cannabis goods to ensure they comply with all packaging and labeling requirements
- Storage of cannabis goods

Distributor Transport Only

- Transports cannabis goods between licensed cultivators, manufacturers, and distributors
- Does not transport cannabis goods to retailer except for immature live plants and seeds being transported from a licensed nursery

Key Requirements:

- Transportation of cannabis goods:
- May only be done by a distributor or distributor transport only licensee or their employees
- Transport vehicles must have an alarm system
- Medicinal and adult-use cannabis goods may be transported together if they are clearly identified and secured and separated from each other in the vehicle
- Must generate a shipping manifest prior to transporting

Retailer

Activities:

Retailer (Type 10)

- Sells cannabis goods to customers
- May deliver cannabis goods to customers

Non-Storefront Retailer (Type 9)

- Sells and delivers cannabis goods to customers from a licensed premises that is not open to the public

Requirements:

- A licensee with an A-license and an M-license may have the same premises for both types
- Sells and deliveries may only occur between 6:00 a.m. and 10:00 p.m. Pacific Time.
- All cannabis goods must be placed in an opaque exit package prior to leaving the premises
- Deliveries may be made only by employees of the retailer
- Deliveries must be to a physical address
- Delivery vehicle may not contain more than \$3,000 of cannabis products at any time.
- The retailer must be able to immediately locate all delivery vehicles.

Microbusiness

Activities:

- Cultivation up to 10,000 square feet
- Manufacturing (non-volatile extraction, infusion, packaging, and/or labeling)
- Distribution
- Retail

Requirements:

- Must engage in at least 3 of the 4 activities
- Must indicate which activities on the application and supply the appropriate information for those activities
- Must comply with all requirements for each activity the licensee engages in

Temporary Cannabis Event

Activities:

- Temporary event up to 4 days
- Allows onsite sale and consumption of cannabis goods

Requirements:

- The organizer of the event must first obtain a cannabis event organizer license
- Sales of cannabis goods must be performed by a retailer or microbusiness approved to engage in retail
- Access to the area(s) where sales and/or consumption occurs is restricted to persons 21 years of age or older
- Consumption of alcohol or tobacco is not allowed on the premises
- Onsite consumption of cannabis goods must be done in accordance with the local jurisdiction's requirements
- Security must be present at the event

Testing Laboratories

Activities:

- Collects samples of each cannabis goods batch from the distributor's premises
- Tests cannabis goods in accordance with the Act and regulations for:
 - Cannabinoids
 - Foreign material
 - Heavy metals
 - Microbial impurities
 - Mycotoxins
 - Moisture content and water activity
 - Residual pesticides
 - Residual solvents and processing chemicals
 - Terpenoids
 - Homogeneity

Requirements:

- ISO/IEC 17025 accreditation
- Collect samples from each batch at the distributor's premises
- Harvest batch (prepacked or unpacked)=no more than 50 pounds
- Manufactured product batch=no more than 150,000 units
- Must develop and implement a chain of custody protocol to document the transportation, handling, storage, and destruction of samples
- Must generate a certificate of analysis for each primary sample the lab analyzes

Bureau Licensing Fees

- Cover the cost of administering the Bureau's commercial cannabis program
- Application fees- Paid when the application is submitted
- License fees- Paid when the application is approved
- Amount of license fee--Scaled based on the maximum dollar value of the licensee's operation

Transition to Regulated Commercial Cannabis Market

- Beginning January 1, 2018 and before July 1, 2018 licensees may do the following:
- Conduct business with other licensees irrespective of the M or A designation
- Sell goods in inventory that don't meet packaging requirements if placed in a child-resistant package by the retailer at the time of sale
- Non-edible cannabis products that do not meet THC limits per package may be transported and sold
- M-licensees may transport and sell medicinal edible products that are 10 milligrams or less per serving regardless of the THC limit in the package
- Cannabis goods that do not meet labeling requirements may be transported and sold if a sticker with the applicable consumer warning statement is affixed to the package
- Cannabis goods that have not undergone laboratory testing may be transported and sold if a label stating they have not been tested is affixed to the package
- Dried flower in the retailer's inventory at the time of licensure can be packaged by the retailer
- Cannabis goods in the retailer's inventory that don't meet requirements set by the Department of Public Health for ingredients and appearance may be sold
- Testing requirements will be phased-in